

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BELGRADE

UNCLAS STATE 195672

E.O. 11652: N/A

TAGS: APUB, YO

SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO YUGOSLAVIA

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS 8,989,000 IN FAVOR OF INA NAFTAPLIN OF ZAGREB, YUGOSLAVIA. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, TUESDAY, AUGUST 19, 1975.

QUOTE: EXIMBANK CREDIT OF DOLS 8,989,000 SUPPORTS DOLS 19,975,280 SALE OF U.S. EQUIPMENT FOR PETROCHEMICAL PLANTS IN YUGOSLAVIA

THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF DOLS 8,989,000 IN FAVOR OF INA NAFTAPLIN OF ZAGREB, YUGOSLAVIA, TO HELP FINANCE U.S. PURCHASES OF EQUIPMENT AND SERVICES FOR AN ETHANE PLANT AND AN UNCLASSIFIED

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ETHYLENE PLANT, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J.

CASEY. INA NAFTAPLIN IS A MEMBER OF THE INA GROUP WHICH FORMS THE LARGEST OIL ENTERPRISE IN YUGOSLAVIA.

INA NAFTAPLIN PLANS TO BUILD A PLANT FOR THE EXTRACTION OF ETHANE FROM NATURAL GAS IN IVANICH GRAD AND TRANSPORT THE ETHANE BY EXISTING PIPELINE TO ZAGREB, AND BUILD THERE A SECOND PLANT FOR CONVERTING ETHANE TO ETHYLENE.

U.S. PURCHASES WILL INCLUDE PUMPS, STEAM-DRIVEN CENTRIFUGAL COMPRESSORS, STEAM TURBINES, GAS TURBINE GENERATORS, GAS-ENGINE RECIPROCATING COMPRESSORS, TURBO EXPANDERS, INSTRUMENTS, AND ENGINEERING AND PROCUREMENT SERVICES. ENGINEERING WORK AND PROCUREMENT FOR THE ETHANE PLANT WILL BE DONE BY J.F. PRITCHARD AND CO. OF KANSAS CITY. KINETICS TECHNOLOGY INTERNATIONAL, LOS ANGELES, WILL HANDLE U.S. PROCUREMENT FOR THE ETHYLENE PLANT. PROBABLE SUPPLIERS INCLUDE INGERSOLL RAND OF PAINTED POST, NEW YORK, STEWART AND STEVENSON OF HOUSTON, TEXAS, DELAVAL OF PRINCETON, NEW JERSEY, ROTOFLOW OF LOS ANGELES AND OTHERS.

EXIMBANK'S CREDIT REPRESENTS 45 PERCENT OF THE TOTAL U.S. COSTS. A CREDIT OF DOLS 7,990.000 FROM MANUFACTURERS HANOVER TRUST COMPANY WILL FINANCE 40 PERCENT OF THE U.S. COSTS AND WILL BE COVERED BY EXIMBANK'S FINANCIAL GUARANTEE. INA NAFTAPLIN WILL MAKE CASH PAYMENT OF 15 PERCENT, REPRESENTING THE BALANCE OF THE U.S. COSTS.

INTEREST ON EXIMBANK'S CREDIT WILL BE AT THE RATE OF 8 PERCENT PER ANNUM. THIS RATE, COMBINED WITH THE ESTIMATED INTEREST RATE FROM PRIVATE SOURCES, RESULTS IN AN ESTIMATED ANNUAL INTEREST COST TO THE BORROWER OF 8.47 PERCENT TO 8.72 PERCENT.

REPAYMENT OF THE LOAN IS TO BE MADE IN 11 SEMIANNUAL INSTALLMENTS BEGINNING NOVEMBER 8, 1977. THE CREDIT IS TO BE GUARANTEED BY PRIVREDNA BANKA ZAGREB, THE UNITED BANK OF ZAGREB AND THE NATIONAL BANK OF YUGOSLAVIA. UNQUOTE. SISCO

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